

**Executive Summary**

With more than 20,000 lists available to a nonprofit organization, how do you identify the best lists for your direct marketing program? This white paper will explore the following:

- ◆ How to identify the best lists for your program
- ◆ The process for securing list owner approvals and working with a list broker
- ◆ Common list terms, such as rental, exchange, test, re-test, continuation, and re-use
- ◆ How usage and a merge/purge report can open new doors

**All About Lists**

*What every fundraiser should know*

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**Contents**

Identify the Lists that Work ..... 1  
 Start the Acquisition Process ..... 2  
 Determine What Works ..... 3  
 Frequently Asked Questions ..... 3  
 Conclusion..... 4

**Identify the Lists that Work**

To identify the lists that work for the customer, a fundraiser has to first know the organization. The donor profile of your database is the best place to start when considering an outside list acquisition program. External list donors who already have the same demographic and psychographic profile as your house file donors are more likely to give to your organization over another one. Your donor profile may look something like this:

- ◆ Female
- ◆ Age 55+
- ◆ Income \$50,000+
- ◆ Lives in Georgia
- ◆ Likes to knit and enjoys walking

Identifying common characteristics within your donor base can help you look for lists that meet a similar profile and geographic area. This is where the list broker can help.

A list broker is a professional who understands the list market and obtain lists for your organization. The list broker will work with you to understand your donor profile and help determine what lists to test for a mailing. The list broker will prepare a circulation plan which will include the following:

- ◆ Name of list
- ◆ Total universe size – The number of names in total that the list contains
- ◆ Universe size to test – Will include geographic parameters, when the donors last gave, and possibly segmentation by gender or average donation size (i.e. \$50+)
- ◆ Description/profile of the list – This describes who this list will target
- ◆ List costs – Lists are rented for a one-time mailing or are exchanged. An exchange relationship is where you trade names on one list for another’s.
- ◆ Usage – This shows what other mailers use the list, which is extremely helpful information. By analyzing usage, the list broker can identify other similar organizations to yours that also mail this list. Some mailers may be your competitors.

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The circulation plan will also include a budget to determine how many names you can afford to mail and a prediction of results. Usually, a circulation plan will include primarily response lists. The first type of response lists is donor response lists. These lists are proven donors who have given to an organization through the mail. Examples of these donor lists are: CARE, Chesapeake Bay Foundation, and Habitat for Humanity.

Other lists that work for the fundraiser are catalog lists and publishing lists. Catalog lists are proven merchandise buyers who shop through the mail. Examples of this include: L.L. Bean, Norm Thompson, Orvis, and J. Jill. Catalog buyers have a strong affinity for nonprofit offers since the demographic profile often matches (older woman, age 55+). Publishing lists are subscribers to a magazine or continuity club. Some examples of publishing lists include: Time Magazine, Book-of-The-Month Club, and Martha Stewart Living.

Another type of list that a fundraiser can mail is called a compiled list. Compiled lists are aggregates of mass amounts of data derived from public sources. These public sources include automobile registrations, driver's licenses, warranty cards, and the phone book. Compiled lists do not work as well as response lists; however, they have their place for regional offers, data modeling, and data overlays (i.e. if your organization wanted to overlay age on your house database records).

## Start the Acquisition Process

Once the potential lists are chosen, the next step will be for your organization to provide a sample mailing piece, mail date, and what you want to mail from the list to the list broker. The list broker will then clear the sample mailing piece with the list manager of the list you wish to rent/exchange.

Even if your sample mailing piece isn't ready to mail, the list manager needs to provide it to the owner of the list. This protects your organization and the owner, and prevents fraudulent and unauthorized use. The list industry is often the unfair target of privacy zealots who threaten to stop direct mail. List owners, managers, brokers, and mailers work hard to prevent less honorable organizations conducting business in the mail.

Mail dates also need to be cleared since some competing organizations do not wish to drop their mail on the same day. This practice is becoming slightly outdated because many list owners do not grant mail date protection; however, it's important to clear the dates to be sure.

Once the list is approved, the broker will take care of ordering the list and ensuring the mail house receives it. The mail house will source-code the lists by the codes you apply. This will be important for analysis so you can tell each list apart and decide whether to continue mailing a list.

Once the lists are received and coded by the mail house, the lists are run through a process known as merge/purge. The merge/purge process will eliminate duplications within lists (intradupes) and between lists (interdupes), provide postal correction for deliverability, run the National Change of Address (NCOA) process, run suppressions and screens and purge against the house database since you do not wish to mail current donors. The list broker will get a comprehensive report of how well the merge did. The merge/purge report can help the list broker identify the following:

- ◆ How many names fall off a list (can be helpful in negotiating list prices with the managers and owners)
- ◆ Duplication percentage by each list to the house list (can help identify what outside lists are similar to the house file and may work well for your organization)
- ◆ What lists need to be updated more often (good feedback for list owners)
- ◆ Demographic data such as percent of male/female and geographic data (helpful in learning what areas of the United States respond best to your offer)

## Determine What Works

After the mailing drops, it takes an average 6-8 weeks to read results from the list acquisition. The results that should be gathered are:

- ◆ Total number of donors that responded to the mailing by list (the response rate)
- ◆ Donation amount calculated into an average donation by list
- ◆ Cost per dollar raised (calculation of mailing costs and overall profitability)

These and other factors will be compiled into a list analysis report. A break-even point will be included on the final report to determine the lists that worked and the lists that didn't. The broker will investigate why certain ones worked and certain ones did not. This will help plan the next mailing and the next circulation plan will contain the following:

- ◆ Lists to drop: Lists that could not improve in performance no matter what tweaks are made
- ◆ Lists to test: New lists that are based on intelligence gathered from the mailing
- ◆ Lists to re-test: These lists aren't successful enough to continue with success but may warrant another try if the broker can improve the recency or dollar amount without adding additional costs
- ◆ Lists to re-use: Sometimes the list owner allows a re-use of the same list again if that pocket of names worked particularly well. Re-uses also allow a discount by the owner/manager.
- ◆ Lists to continue: These lists work well and will be continued. These are also known as continuations.

In addition to the list adjustments, there may be changes to the mail piece (copy or creative) or to the timing of the mailing that help to target the right message to the donor.

## Frequently Asked Questions

Can a list become tired or overused?

Yes, in extreme circumstances. If the mailer is taking every name and every segmentation possible and results are diminishing, it may be time to rest a list and return to it in a later mailing. The list broker can determine when a list is being overused; however, it usually takes years to reach this level.

### Why are the duplications on the same list?

Not everyone uses the same merge/purge logic, and there can be human error. This is quite common to see and is part of the standard allowable deductions that a list owner will allow.

**Suzanne Newell** assists nonprofit customers with direct marketing campaigns for donor acquisition and renewal efforts. With more than 10 years of direct marketing experience, Ms. Newell was a list manager, list broker, and agency account executive for companies such as Brickmill Studios, The Millard Group, and Harte-Hanks Direct Marketing. Some of her clients included National Trust for Historic Preservation, Keystone College, L.L. Bean, American Girl, Time Inc., Masorti Foundation, Orvis, and Norm Thompson. In addition to her knowledge of The Raiser's Edge, Ms. Newell's direct marketing skills include planning and analysis, creative execution, and production management. She is involved in Girl Scouts and the YMCA in her community. Ms. Newell holds a Master of Arts in Communications from Emerson College, where she graduated magna cum laude, and a Bachelor of Science in Communications from Salem State College.

## about Blackbaud

Blackbaud is the leading global provider of software and services designed specifically for nonprofit organizations, enabling them to improve operational efficiency, build strong relationships, and raise more money to support their missions. Approximately 19,000 organizations use one or more of Blackbaud products and services for fundraising, constituent relationship management, financial management, direct marketing, school administration, ticketing, business intelligence, website management, prospect research, consulting, and analytics. Since 1981, Blackbaud's sole focus and expertise has been partnering with nonprofits and providing them the solutions they need to make a difference in their local communities and worldwide. Headquartered in the United States, Blackbaud also has operations in Canada, the United Kingdom, and Australia.

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### Should I use the DMA pander file?

Absolutely! It is good industry practice to run this at every mailing. This list contains individuals who have expressed they do not wish to receive direct mail solicitations of any kind. Besides, why waste the postage on individuals who do not wish to receive mail?

### The list didn't work – it has to be the list.

Not necessarily. Many factors can contribute to a poor mailing: timing, environmental conditions, the mail piece itself. Things happen: What if your mailing dropped in the New Orleans ZIP codes during Hurricane Katrina? The important thing to remember is to work with your list broker to try to fix the list with better segmentation or price negotiation.

### The list owner I have been working with decided to stop renting to us; what happened?

It could be a variety of things. A new person could have come in or the organization might have changed policies on whom to rent to. List owners can change their minds at any time for any reason. If your mailing piece changed, evaluate it to see if you can still mail the list with some small modifications. List owner and mailer relationships are worthwhile ones to maintain. Go to the DMA shows to meet with list owners to further strengthen the relationship.

### I want to avoid the list broker commission. Can I do it myself?

Sure! If you want to do the research, negotiating, ordering, tracking, exchange balancing and the analysis, go for it. It is a lot of work! With all that to do on your own, the commission is starting to look better now, isn't it?

### Do you have any advice on choosing a list broker?

Choose someone who has experience in your market, but also choose someone you like and you work well with. Remember, you will be spending a lot of time with your broker.

## Conclusion

While it may seem challenging at first to venture into an acquisition program with outside lists, it will prove to be a large part of an organization's direct mail efforts and ultimately improve the quality of the organization's house file database.